

## Message Text

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PAGE 01 STATE 047982  
ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-08 /025 R

DRAFTED BY OPIC/GC RBROWN  
APPROVED BY EB/IFD/ OIA:RJSMITH  
EB/IFD/OIA:DHSTEBBING  
NEA/PAB:DARCHARD

-----041350Z 018773 /44

R 040040Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY DACCA

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FROM OPIC

E.O. 11652:N/A

TAGS: EINV

SUBJECT: BELBAGCO

REF: (A) DACCA 0525; (B) DACCA 0865; (C) STATE 030903;  
(D) STATE 036158

1. IN RESPONSE TO REFTEL A, PARAS. 5 AND 9:

(A) OPIC CAN STATE AT THIS POINT THAT THE THRESHOLD  
REQUIREMENT FOR CONSIDERATION BY OPIC OF THE RESUMPTION OF  
ITS PROGRAMS IN BANGLADESH IS A SATISFACTORY RESOLUTION OF  
THE BELBAGCO CLAIM. TO SATISFACTORILY RESOLVE THIS CLAIM  
IT WILL BE NECESSARY (I) FOR OPIC AND THE BDG TO EXECUTE A  
SETTLEMENT AGREEMENT WITH RESPECT TO THIS CLAIM, SPECIFYING,  
INTER ALIA, THE AMOUNT OF COMPENSATION TO BE PAID FOR BFC  
AND THE MANNER IN WHICH SUCH COMPENSATION WILL BE PAID AND  
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PAGE 02 STATE 047982

(II) FOR THE BDG TO COMMENCE PAYMENT OF COMPENSATION PURSU-  
ANT TO SUCH A SETTLEMENT AGREEMENT.

(B) IN ADDITION, OPIC WOULD NEED ASSURANCES (WHICH, OF  
COURSE, WOULD INCLUDE THE ASSESSMENT OF THE EMBASSY) THAT

THE POSTURE OF THE BDG VIS-A-VIS OTHER OUTSTANDING DISPUTES

INVOLVING US INVESTORS IS RESPONSIBLE AS MEASURED AGAINST ACCEPTABLE PRINCIPLES OF INTERNATIONAL LAW AND THAT THE INVESTMENT CLIMATE IN BANGLADESH OTHERWISE JUSTIFIES A DECISION ON THE PART OF OPIC TO REINSTITUTE ITS PROGRAMS. OPIC'S DECISION WOULD NECESSARILY REFLECT, AMONG OTHER THINGS, THE VIEWS AND CONCERNS OF OTHER INTERESTED USG AGENCIES. HOWEVER, UNTIL THE BELBAGCO CLAIM IS RESOLVED, PERMITTING THIS DECISION TO BE ANALYZED IN A CONCRETE SETTING, IT IS DIFFICULT FOR OPIC TO BE MORE SPECIFIC IN THIS REGARD.

2. IN REFERENCE TO THE EMBASSY'S DISCUSSION WITH VINNELL CORPORATION (REFTEL A, PAR. 4 AND PREVIOUS MEMCONS), THE EMBASSY SHOULD BEAR IN MIND THAT IT HAS BEEN OPIC'S GENERAL POLICY NOT TO INSURE LOANS TO A FOREIGN GOVERNMENT. THUS IT WOULD APPEAR THAT THE FINANCING OF THE PROJECTS IN WHICH VINNELL HAS EXPRESSED INTEREST WOULD NOT QUALIFY FOR OPIC INSURANCE EVEN IF ITS PROGRAMS WERE REINSTITUTED, ALTHOUGH AS A CONTRACTOR VINNELL MIGHT QUALIFY FOR OPIC INSURANCE.

3. NOTWITHSTANDING THE PRESENT POSTURE OF THE OPIC PROGRAMS, OPIC BELIEVES THAT IT WOULD BE USEFUL FOR THE BDG AND THE OIL COMPANIES REFERRED TO IN REFTEL B TO BE INFORMED OF OPIC'S NEW POLICY FOR INSURING OIL EXPLORATION DEVELOPMENT AND PRODUCTION. THE POTENTIAL AVAILABILITY OF THIS TYPE OF INSURANCE MAY SERVE AS AN INCENTIVE TO THE BDG TO TAKE ACTIONS WHICH WOULD PERMIT THE RESUMPTION OF OPIC PROGRAMS.

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PAGE 03 STATE 047982

4. COULD THE EMBASSY REPORT ON THE STATUS OF THE PROPOSED RESPONSE TO INDUSTRIES SECRETARY HAQ (REFTEL C, PAR. 7) AND THE OTHER COURSES OF ACTION RELATING TO THE BELBAGCO CLAIM SUGGESTED IN REFTELS C AND D?  
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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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